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Message Text

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ACTION EB-07

INFO OCT-01 ISO-00 AF-06 ARA-10 EA-10 EUR-12 NEA-10 IO-10

OIC-02 INRE-00 SSO-00 NSCE-00 USIE-00 AGR-10 CEA-01

CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15

STR-04 TAR-01 TRSE-00 PRS-01 SP-02 FEAE-00 OMB-01

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O R 091256Z JUL 75
FM AMEMBASSY LONDON
TO SECSTATE WASHDC IMMEDIATE 2694
INFO AMEMBASSY CANBERRA
AMEMBASSY BRASILIA
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO
AMEMBASSY BUJUMBURA
AMEMBASSY BOGOTA
AMEMBASSY SAN JOSE
AMEMBASSY SANTO DOMINGO
AMEMBASSY QUITO
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AMCONSUL LUANDA

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AMEMBASSY YAOUNDE
AMEMBASSY BANGUI
AMEMBASSY COTONOU
AMEMBASSY LIBREVILLE
AMEMBASSY ABIDJAN
AMEMBASSY TANANARIVE
AMEMBASSY LOME
AMEMBASSY PANAMA
AMEMBASSY ASUNCION
AMEMBASSY LIMA
AMEMBASSY LISBON
AMEMBASSY KIGALI
AMEMBASSY FREETOWN
AMEMBASSY DAR ES SALAAM
AMEMBASSY PORT OF SPAIN
AMEMBASSY CARACAS
AMEMBASSY KINSHASA
AMEMBASSY LAGOS
AMEMBASSY LA PAZ
USMISSION GENEVA
USMISSION EC BRUSSELS
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LUXEMBOURG
AMEMBASSY OSLO
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
USMISSION OECD PARIS

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E.O. 11652: N/A
TAGS: ETRD, EAGR, OCON
SUBJECT: COFFEE NEGOTIATIONS: CONSUMER SUGGESTIONS ON
MECHANISMS FOR ACHIEVING MAJOR OBJECTIVES

REF: LONDON 10363
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1. REFTEL CONTAINED THE TEXT OF A PAPER TABLED BY THE CONSUMERS' GROUP AT THE SPECIAL NEGOTIATING CONFERENCE OF THE INTERNATIONAL COFFEE COUNCIL OUTLINING MAJOR OBJECTIVES OF THE GROUP. ON JULY 9 THE CONSUMERS' GROUP TABLED A NEW PAPER SUGGESTING POSSIBLE MECHANISMS WHICH COULD BE BUILT INTO ANY NEW INTERNATIONAL COFFEE AGREEMENT FOR THE PURPOSE OF ACHIEVING THOSE OBJECTIVES.

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FULL TEXT FOLLOWS:

QUOTE: CONSUMER SUGGESTIONS ON MECHANISMS FOR
ACHIEVING MAJOR OBJECTIVES

CONSUMING COUNTRIES SET OUT THE MAJOR OBJECTIVES WHICH THEY WISH TO SEE ACHIEVED IN ANY NEW AGREEMENT IN DOCUMENT WP-AGREEMENT NO. 88. THIS DOCUMENT GIVES THEIR VIEWS ON THE BASIC MECHANISMS WHICH WOULD BE NEEDED TO EFFECT THESE OBJECTIVES.

I. ALLOCATION OF MARKET SHARES

DETERMINATION OF BASIC QUOTAS

(A) THE REFERENCE PERIOD MAY INCLUDE BOTH YEARS SUBJECT TO THE QUOTA PROVISIONS OF THE INTERNATIONAL

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INFO OCT-01 ISO-00 AF-06 ARA-10 EA-10 EUR-12 NEA-10 IO-10

OIC-02 INRE-00 SSO-00 NSCE-00 USIE-00 AGR-10 CEA-01

CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05

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STR-04 TAR-01 TRSE-00 PRS-01 SP-02 FEAE-00 OMB-01

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O R 091256Z JUL 75
FM AMEMBASSY LONDON
TO SECSTATE WASHDC IMMEDIATE 2695
INFO AMEMBASSY CANBERRA
AMEMBASSY BRASILIA
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

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COFFEE AGREEMENT, 1968 AND SUBSEQUENT YEARS.

(B) EXPORTS TO ALL DESTINATIONS SHALL BE TAKEN INTO ACCOUNT (ASSUMING THAT ANNUAL QUOTAS TO BE ESTAB-
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LISHED ARE TO COVER EXPORTS TO ALL DESTINATIONS).

(C) BASIC QUOTAS SHALL REMAIN FIXED FOR THE LIFE OF THE NEW AGREEMENT.

(D) COUNTRY SHARES SHALL BE EXPRESSED IN PERCENTAGE TERMS.

II. FLEXIBILITY IN ALLOCATION OF ANNUAL QUOTAS

DETERMINATION OF ANNUAL QUOTAS

(A) THE ANNUAL GLOBAL QUOTA IN THE FIRST YEAR OF THE NEW AGREEMENT SHALL BE DISTRIBUTED AMONG EXPORTERS ACCORDING TO THEIR SHARE OF THE BASIC QUOTA.

(B) IN THE SECOND YEAR, ANNUAL GLOBAL QUOTAS SHALL BE DISTRIBUTED AMONG EXPORTERS ACCORDING TO TWO CRITERIA:

(I) 80 PERCENT OF THE GLOBAL QUOTA SHALL BE DISTRIBUTED ACCORDING TO EXPORTERS' SHARE OF THE BASIC QUOTA;

(II) 20 PERCENT AS MAY BE DETERMINED ON THE BASIS OF PARAGRAPH (D) BELOW.

(C) IN THE THIRD AND SUBSEQUENT YEARS, THE GLOBAL QUOTA SHALL BE DISTRIBUTED AS IN (B) ABOVE, EXCEPT THAT THE PROPORTIONS SHALL BE 70 PERCENT AND 30 PERCENT IN (I) AND (II) RESPECTIVELY.

(D) THE SMALLER PROPORTION OF THE ANNUAL QUOTA MAY BE CALCULATED BY REFERENCE:

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(I) TO STOCKS HELD IN PRODUCING COUNTRIES IN THE PRECEDING YEAR AS VERIFIED BY THE EXECUTIVE DIRECTOR;

(II) TO EXPORT PERFORMANCE OVER AN AGREED PERIOD

AND

(III) TO A COMBINATION OF THE TWO.

(E) THERE WILL BE EXEMPTION FROM THE REQUIREMENTS OF STOCK VERIFICATION FOR SMALL PRODUCERS WHOSE ANNUAL EXPORTS DO NOT EXCEED AN AGREED MAXIMUM.

III. AUTOMATIC QUOTA ADJUSTMENTS

(A) THE AGREEMENT MUST PROVIDE CLEAR AUTHORITY FOR THE COUNCIL TO ESTABLISH AN AUTOMATIC SYSTEM FOR ADJUSTMENT OF QUOTAS (BOTH PRO RATA AND SELECTIVELY) IN RESPONSE TO PRICE MOVEMENTS.

(B) THE AGREEMENT WILL ENABLE THE COUNCIL TO ESTABLISH ARRANGEMENTS FOR DETERMINING FOR DIFFERENT TYPES OF COFFEE, INDICATOR PRICES WHICH MEASURE THE DIRECTION, SPEED AND AMPLITUDE OF CHANGES IN THE TRUE PRICES AT WHICH THE VARIOUS TYPES OF COFFEE ARE TRADED.

(C) PRO RATA ADJUSTMENTS WOULD BE PROVIDED FOR BY THE COUNCIL IN RESPONSE TO MOVEMENTS OF A COMPOSITE INDICATOR PRICE. THERE WILL ALSO BE PROVISION FOR THE COUNCIL TO PROVIDE FOR SELECTIVE (UNDERLINED) INCREASES IN QUOTA FOR ANY ONE OR MORE TYPES OF COFFEE IN RESPONSE TO INDICATOR PRICE INCREASES. THERE WILL BE NO PROVISION FOR SELECTIVE CUTS IN QUOTA OTHER THAN, WHERE APPROPRIATE, WITHDRAWAL OF THOSE SELECTIVE INCREASES PREVIOUSLY MADE.

IV. QUOTAS SHOULD REPRESENT A REAL SUPPLY OF COFFEE

SHORTFALLS

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STR-04 TAR-01 TRSE-00 PRS-01 SP-02 FEAE-00 OMB-01

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O R 091256Z JUL 75
FM AMEMBASSY LONDON
TO SECSTATE WASHDC IMMEDIATE 2696
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(A) SHORTFALLS SHALL BE REPORTED WITHIN 6 MONTHS OF THE START OF THE NATIONAL HARVEST AND WILL BE REDISTRIBUTED AS FAR AS POSSIBLE AMONG MEMBERS
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PRODUCING THE SAME TYPE OF COFFEE. WHERE THE QUANTITIES INVOLVED ARE TOO GREAT TO ALLOW THIS, THE REDISTRIBUTION WILL BE EXTENDED TO ALL OTHER GROUPS OF COFFEE.

(B) A REPORTED SHORTFALL WILL NOT AFFECT QUOTA ENTITLEMENT IN SUBSEQUENT YEARS.

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(C) SHORTFALLS WHICH ARE NOT REPORTED WILL LEAD TO AN EQUIVALENT DECREASE IN THE NEXT YEAR'S QUOTA ENTITLEMENT OF THE COUNTRY CONCERNED.

(D) SHORTFALLS OF INSIGNIFICANT AMOUNTS WILL BE IGNORED.

UNDERSHIPMENTS

UNDERSHIPMENTS WILL BE TREATED, MUTATIS MUTANDIS, IN THE SAME WAY AS SHORTFALLS.

INTERNATIONAL GUARANTEE STOCK (IGS)

AN IGS, DESIGNED FOR AUTOMATIC RELEASE TO THE MARKET, MIGHT PROVIDE ADDITIONAL ASSURANCE OF SUPPLIES PROVIDED THE NECESSARY TECHNICAL, FINANCIAL AND OPERATIONAL DETAILS COULD BE WORKED OUT.

V. SUSPENSION OF QUOTAS

THE AGREEMENT SHALL PROVIDE THAT IF PRICES, AS MEASURED BY AN INDICATOR TO BE ESTABLISHED BY THE COUNCIL, SHOULD RISE BY MORE THAN X PERCENT ABOVE THE AVERAGE OF SUCH PRICES DURING THE PRECEDING COFFEE YEAR, QUOTAS AND SUBSEQUENTLY CONTROLS SHALL BE AUTOMATICALLY SUSPENDED UNLESS THE COUNCIL DECIDES TO DEFER SUCH SUSPENSIONS. UNQUOTE

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Current Classification: UNCLASSIFIED
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Control Number: n/a
Copy: SINGLE
Draft Date: 09 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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06 JUL 2006

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Review Referrals: n/a
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Secure: OPEN
Status: NATIVE
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TAGS: ETRD, EAGR, OCON
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006